

Message Text

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PAGE 01 JIDDA 01111 190900 Z

20

ACTION XMB-07

INFO OCT-01 NEA-10 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-09 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02

LAB-06 SIL-01 SAL-01 OMB-01 RSR-01 INRE-00 /085 W
----- 088239

P R 190709 Z MAR 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 3501

INFO USDOC WASHDC

AMCONSUL DHAHRAN

UNCLAS JIDDA 1111

E. O. 11652: N/ A

TAGS: ETRD, SA

SUBJ: EXPORT IMPORT BANK FINANCING OF DHAHRAN ELECTRIC
POWER COMPANY

1. GE COMPANY REPS HAVE APPROACHED EMBASSY TO REQUEST AID IN CONNECTION WITH NEW POWER PLANT SALE TO DHAHRAN ELECTRIC POWER CO. (DEPCO). EX- IM BANK HAS ISSUED PRELIMINARY COMMITMENT LETTER NO. 73-0-1635 FOR AMOUNT OF \$5.4 MILLION AND HAS RECENTLY EXTENDED EXPIRY DATE TO MAY 31, 1973.

2. DEPCO HAS RECENTLY DECIDED TO DOUBLE CAPACITY NEW PLANT AND VALUE OF SALE NOW \$12 MILLION. IN ADDITION BOTH ITALIAN AND SWISS COMPETITION HAVE AGREED TO FINANCE DEPCO WITHOUT A GUARANTOR. SINCE DEPCO ESTIMATES COST OBTAINING BANK GUARANTEE 1 1/2 PERCENT TOTAL VALUE PROJECT, GE STATES THAT IN ORDER STAY IN RUNNING THIS SALE IT IMPERATIVE EX- IM SERIOUSLY CONSIDER WAIVING GUARANTEE REQUIREMENT. THERE ALSO ELEMENT PRIDE INVOLVED, WITH DEPCO BELIEVING ITS CREDIT GOOD ENOUGH TO BE FINANCED ON OWN.

3. ACCORDING GE REPS DEPCO TO REACH DECISION BY MARCH 21. IT WOULD BE OF GREAT HELP TO THEM IF THEY COULD HAVE PRELIMINARY COMMITMENT FROM EX- IM FOR NEW \$12 MILLION FIGURE THIS PROJECT AND PRELIMINARY WAIVER REQUIREMENT FOR
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GUARANTOR. EMBASSY BELIEVES IMPORTANCE THIS PROJECT BOTH IN TERMS VALUE TO EXPORTS AND BECAUSE IT PLACES U. S. EQUIPMENT WHERE ONLY ITALIAN HAS BEEN BEFORE MAKES IT WORTH EX- IM' S SERIOUS CONSIDERATION. CERTAINLY DEPCO' S POSITION AS BEING SOLE SOURCE ELECTRIC POWER TO ONE OF MOST RAPIDLY DEVELOPING AREAS IN WORLD COMBINED WITH WHAT WE UNDERSTAND TO BE EXCELLENT CREDIT RATING MAKE GE' S REQUEST WORTH EX- IM' S SERIOUS CONSIDERATION.

4. ACTION REQUESTED: EX- IM INFORM GE THROUGH CONGEN DHAHRAN OF REACTION THIS REQUEST, IF POSSIBLE BEFORE MARCH 21. GE REPS, WHO PLAN REMAIN SAUDI ARABIA UNTIL DEPCO REACHES DECISION, WILL HAND- CARRY DETAILED PROJECT AND FINANCIAL INFO REQUIRED BY EX- IM BACK TO U. S. IF DECISION FAVORABLE GE. THACHER

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

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Draft Date: 19 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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Executive Order: n/a
Errors: n/a
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EO Systematic Review
30 JUN 2005

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